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**CRUISER AND DESTROYER MODERNIZA-  
TION AND LARGE SURFACE COMBATANT  
FORCE STRUCTURE ASSESSMENT**

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HEARING

BEFORE THE

SUBCOMMITTEE ON SEAPOWER AND  
PROJECTION FORCES

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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**CRUISER AND DESTROYER MODERNIZATION AND  
LARGE SURFACE COMBATANT FORCE STRUCTURE AS-  
SESSMENT**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES,  
*Washington, DC, Thursday, July 10, 2014.*

The subcommittee met, pursuant to call, at 4:00 p.m., in room 2212, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

**OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES**

Mr. FORBES. I want to welcome our members and our distinguished panel of experts for today's hearing focused on our large surface combatants, and particularly our cruisers and destroyers. We have testifying before us the Honorable Sean J. Stackley, the Assistant Secretary of the Navy; Rear Admiral Thomas Rowden, Director of Surface Warfare Division, Office of the Chief of Naval Operations; and Rear Admiral Lawrence Creevy, Deputy Commander for Surface Warfare, Naval Sea Systems Command.

I want to thank each of the three of you for being here, for your service to our country, and also for your patience with us on these votes, and we are sorry for the delay in getting started with the hearing.

Before we begin, I wanted to congratulate Rear Admiral Rowden on his selection as the next Commander, Navy Surface Forces, and his assumption of command later this month.

Admiral, we thank you for that service and for what you have done for our country. We have appreciated your advice and counsel, and I am confident the Navy will be in good hands when you assume command.

As to this hearing, I appreciate having received a copy of the 30-year shipbuilding plan. We continue to have reservations about the optimism that is built into the shipbuilding plan and believe that the administration is disingenuous in their sincerity to apply resources toward our Nation's shipbuilding efforts.

This year I believe that our committee was able to provide additional resources to the shipbuilding account and start to change the negative shipbuilding trend lines. But revitalizing American seapower cannot be done in just 1 or 2 fiscal years. It will take a generational commitment from those sitting in this room today and others to follow.

As to the administration's proposal to place 11 cruisers and 3 amphibious ships into layup status, I continue to question how putting these ships into long-term layup status improves our national defense. Let me be clear, the term "phased modernization" that has been used by the Navy to describe its 10-year plan is a misleading one that asks Congress to agree to take half of our cruiser fleet out of service with the hope that one day, in the 2020s, these ships will all be returned to our fleet.

The Navy has indicated that the 306-ship Navy is required to meet combatant commander requirements. The last independent QDR [Quadrennial Defense Review] indicated a force structure of 346 ships was required. Despite what number you choose, we are still significantly less than the force structure, both in terms of capacity and lethality, that we need to meet even the minimum requirements. That is why it is perplexing to me that this administration, one that has now produced a Defense Strategic Guidance and QDR in the last 2 years that prioritizes seapower as a central enabler of our defense strategy, has proposed to lay up some of our most valuable and lethal surface combatants.

With the decrease in available assets, we will undoubtedly increase our deployment times of our ships, burning out the sailors and ships that support our national security. I reject any notion that we should lock into place the negative consequences of sequestration and vigorously oppose any reduction of some of our most capable surface combatants to the altar of fiscal frugality. If the U.S. Navy needs more resources to meet its baseline requirements, then this Congress and the Department of Defense should begin a serious discussion about how to rebalance the budget resources available to fully fund our national seapower priorities.

I am also concerned that the administration may already be placing some of these cruisers and amphibious ships into a layup status in contravention to congressional direction. I would note that the National Defense Authorization Act for fiscal year 2014 prohibited the retirement or layup of certain cruisers and amphibious ships. I would encourage our witnesses to carefully review the readiness ratings and deployment schedules of these ships to ensure that they continue to serve our Nation. Taking action that impacts the fleet prior to final congressional direction should be rigorously avoided.

With regards to the overall force structure of the Navy, I understand that the Navy has decided to continue and count ships that the Navy has proposed to lay up for some cruisers that would not be readily available to deploy. I also understand that the Navy counts hospital ships and patrol ships as ships to meet our force structure. I consider these approaches as a mask to the true plight of our Navy and believe these efforts only serve to cover the true extent of the reductions in our Navy.

Let's be honest today, according to the historical accounting rules, in fiscal year 2015 the Navy will have just 274 ships in its fleet. This is an unacceptable figure that is the result of two decades of neglect. I am fully committed and I think most of the people in this subcommittee are fully committed to reversing this trend.

As to our destroyer fleet, I believe the Navy is on the right track with introducing an advanced radar on the next series of destroyers, also known as DDG Flight III. I still have concerns with regards to the multiplicity of combat system suites on our destroyers. These varying capabilities have significant problems on the fleet's ability to properly train and support our sailors, and I hope that we will be able to receive additional information on this important issue.

And with that, I turn to my good friend and colleague, the ranking member of the subcommittee, Mike McIntyre, for any remarks he would like to make.

Mike.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 35.]

**STATEMENT OF HON. MIKE MCINTYRE, A REPRESENTATIVE FROM NORTH CAROLINA, RANKING MEMBER, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES**

Mr. MCINTYRE. Thank you. Thank you, Chairman. And thanks for holding this important hearing and for the continued excellent leadership you give us and the very valid and concerning points that you have raised.

This is an important time for our cruiser and destroyer fleets, and critical that during these challenging budget times we find creative ways to ensure the Navy's entire fleet of large surface combatants remain relevant and reach their expected service lives.

With regard to the remaining 22 guided missile cruisers in the fleet today, we continue the examination of what the most cost-effective plan is for modernizing these ships and ensuring that they will reach all of their expected service lives.

The Navy has presented Congress with a Phased Modernization Plan that would upgrade these ships with the latest technological advances in combat systems and maintenance improvements, while also reducing personnel on the ships and moving them to critically gapped billets. The Navy has estimated this plan would save \$3.5 billion in the next 5 years and a total of \$4.7 billion overall.

We know the destroyer fleet continues its modernization, and upgrades are planned to reduce the workload and total ship class ownership costs and to provide enhanced warfighting capabilities. The Navy has continued its attempt to modify the modernization schedule in an effort to provide the greatest capabilities to the fleet. We know that we must ensure that we have the most capable and combat-relevant ships as possible and that they all reach their expected service lives.

These are challenging times, given the fiscal environment that we are in. We know it is absolutely critical we find creative ways to ensure that we have a modernized and relevant fleet of large surface combatants and also provide flexibility when possible. And I do share the chairman's concern that we have as many ships as necessary as well. I know that is an ongoing concern of our subcommittee, as well as our full committee.

Thank you to the witnesses for your service. Thank you for your commitment to our Navy, to our country's armed services and our

national security, and thank you for your time today and for your patience with our delayed voting.

Thank you, Mr. Chairman.

Mr. FORBES. Thank you, Congressman McIntyre.

And now we would love to hear your opening remarks. And as we have mentioned to you, we are going to give you all the last word at the end of all of this so that each of you will have an opportunity, if you have misstated anything or we haven't asked you a question you think is important, we will make sure you get time to put that on the record.

So, Mr. Secretary, it is my understanding you are going to start off, and so we look forward to your comments.

**STATEMENT OF HON. SEAN J. STACKLEY, ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION), RADM THOMAS S. ROWDEN, USN, DIRECTOR, SURFACE WARFARE (N96), OFFICE OF CHIEF OF NAVAL OPERATIONS, AND RDML LAWRENCE E. CREEVY, USN, DEPUTY COMMANDER FOR SURFACE WARFARE, NAVAL SEA SYSTEMS COMMAND (NAVSEA 21)**

**STATEMENT OF HON. SEAN J. STACKLEY**

Secretary STACKLEY. Yes, sir. Chairman Forbes, Ranking Member McIntyre, distinguished members of the subcommittee, thank you for the opportunity to appear before you today to address cruiser and destroyer modernization. With the permission of the subcommittee, I propose to provide brief opening remarks and submit a separate joint statement for the record.

Mr. FORBES. Without objection, all of your full statements will be made a part of the record.

Secretary STACKLEY. Thank you, sir.

Earlier this year in testimony before this subcommittee, the Navy described how we had reshaped our shipbuilding, aviation, and tactical vehicle plans to reflect the priorities of the defense strategy as impacted by sequestration in fiscal year 2013 and constrained by the Bipartisan Budget Act in fiscal years 2014 and 2015.

In total, the Navy-Marine Corps budget request in the Future Years Defense Plan falls \$38 billion below the level planned just 1 year ago and is further threatened by sequestration in 2016 and beyond. To minimize the impact of this reduced top line we have leveraged every tool available to drive down cost. We have tightened requirements, maximized competition, and capitalized on multiyear procurements for major weapon systems. We have attacked our cost of doing business from headquarters billets to service contracts so that more of our resources can be dedicated to making warfighting capability.

In this context, in balancing resources and requirements we have placed a priority on forward presence, near-term readiness, stability in our shipbuilding program, and investment in modernization and those future capabilities critical to our long-term technical superiority. In the end, however, the impact of a \$38 billion reduction across the Future Years Defense Plan [FYDP] has a real impact on our programs. These impacts are exacerbated when, as

made clear in our shipbuilding report recently delivered to Congress, you overlay the budget required to recapitalize the *Ohio* sea-based strategic deterrent in the out-years and when you consider the effects of sequestration in 2016 and out.

This subcommittee is keenly aware of these extraordinary challenges posed to Navy shipbuilding and modernization, and made most clear by this year's budget submission, which unfunded the 2016 refueling complex overhaul of the USS *George Washington*. We are today making every effort to replan near \$7 billion required across the FYDP to refuel the carrier, plus maintain its air wing, manpower, and support. We have released the balance of advance procurement funding for 2014 to continue planning efforts in order to best maintain our options and retain skilled labor at the shipyard, while we await determination by Congress regarding sequestration in 2016. Yet, this also increases the pressure on other programs.

With particular regard to Navy shipbuilding and fleet maintenance and modernization, we remain on track towards our objective for a 300-ship Navy by the end of this decade. In total, 43 ships are under construction across 8 ship classes in shipyards and weapons factories stretching across the country.

Of equal importance to our plan is our ability to maintain and modernize the in-service fleet to ensure each ship in the plan possesses those capabilities required by the combatant commanders and to ensure each ship in the plan meets its expected service life. In fact, for many of our major combatants, more than merely meet the expected service life, which by itself is a reversal of past history, we need to extend their service life. And this is only made possible by rigorous planning and execution of both maintenance and modernization of these workhorse ships.

With specific regard to the surface combatant force, the limitations of our budget have driven us to a dual-pronged approach to modernize both the *Arleigh Burke* destroyer and *Ticonderoga* cruiser classes. Across the 2015 to 2019 period, in total the Navy has programmed \$5.6 billion towards Aegis ship maintenance and modernization, which in this budget environment is a strong statement regarding our commitment to these ships.

Eighteen DDG-51 destroyers are programmed for midlife modernization, including Flight I, Flight II, and Flight II Alpha ships. Eight of these ships will receive upgrades to combat capabilities, including ballistic missile defense, with the balance completing necessary hull, mechanical, and electrical [HM&E] system upgrades and repair to enable full or, in the case of the two Alpha ships, extended service life.

Regarding the *Ticonderoga* class, the Navy has 22 Aegis cruisers, which are principally responsible for performance of air defense commander duties in support of our carrier battle groups. Today, the oldest 11 cruisers, CG-52 through 62, have been modernized and will deploy with carrier battle groups until their end of service, which commences in 2019.

The Navy plans to modernize and extend the service life for the remaining 11 cruisers, CG-63 through 73, through an extended phased modernization program. And the elements of the program are that we will commence in 2015 with inspection, planning, ma-

terial procurement for repair and modernization of hull, mechanical, and electrical systems for all 11 cruisers. The work will be scheduled to ensure efficient execution, and to the extent practical, to provide critical stability to the industrial base.

Once complete the HM&E phase, these cruisers will be maintained in the modernization program until completion of their subsequent combat systems modernization, which will be aligned with the retirement of the first 11 cruisers.

This Navy plan is made affordable by drawing down manpower and operating costs during the extended modernization period, a cost avoidance of \$4.7 billion. Further, the Navy plan sustains the critical air defense commander capabilities of the cruiser force beyond its current retirement in 2029, well into the 2040s.

The reality is that the Navy will be unable to recapitalize this critical capability throughout the period of construction of the *Ohio* replacement submarine, and without this Phased Modernization Plan we will be unable to ensure our fleet possesses an air defense commander capability throughout the decade of the 2030s.

This plan also retains flexibility, if needed, to accelerate completion of the modernization, should the security demands dictate it, subject to funding and training of additional crews. Alternatively, if, as directed by the House-passed version of the 2015 National Defense Authorization Act, we are precluded from executing this Phased Modernization Plan, then the \$4.7 billion costs otherwise avoided by the plan will be paid in the near term, depleting the ship's maintenance, operation, sustainment, and support fund and reducing resources for our fleet readiness, then reducing our force structure and its capabilities in the long term.

In summary, in response to the cumulative impact of sequestration in 2013, the BBA [Bipartisan Budget Act] level funding in 2014 and 2015, and the reductions across 2015 through 2019, the Department has been judicious in controlling cost, reducing procurements, stretching developments, and planning modernization. Many of these actions add cost to our programs and risk to our industrial base, and add risk to our ability to meet the requirements of the Defense Strategic Guidance. However, they represent the best balance of readiness, capability, and affordability for the budget in hand.

The course set by our Phased Modernization Plan is an example of the balancing act required by the fiscal environment. Absent an increase to our budget, changing this course will increase our costs and therefore our risk to the Navy and to the Nation.

Mr. Chairman, thank you for the opportunity to appear before you today, and we look forward to answering your questions.

[The joint prepared statement of Secretary Stackley, Admiral Rowden, and Admiral Creevy can be found in the Appendix on page 38.]

Mr. FORBES. Mr. Secretary, thank you so much for your remarks.

And, Admiral, we look to you now for any comments that you would like to offer.

Admiral ROWDEN. Mr. Chairman, I have no additional remarks, sir, and I am standing by for your questions, sir.

Mr. FORBES. Thank you.

Admiral.

Admiral CREEVY. Mr. Chairman, I have no additional remarks either, and I am standing by for your questions.

Mr. FORBES. Good. Well, gentlemen, thank you so much for coming and being with us today.

I am going to start. I normally defer my comments until the end, but since basically we are here today challenging a provision of the defense authorization bill that was passed by the House, I am going to start with a few questions and then hopefully come back with some at the end.

Mr. Secretary, you can respond to this or either admiral can do it, so it is not trying to put anybody on the spot. So whoever wants to respond is okay. But we hear from time to time a concern we have with the Navy and our combatant commanders that in 2007 we were able to meet 90 percent of their requirements. And this year, it is my understanding, we are going to meet somewhere less than 50 percent or somewhere in that area. And the pushback we always get is that our combatant commanders always ask for much more than they really need.

But when I come today, I want to ask you guys how many ships does the United States Navy believe, not that we want, not that our combatant commanders just think we need to have, but how many ships do we actually need in the United States Navy?

Secretary STACKLEY. Yes, sir. Let me go ahead and start, and I will turn to Admiral Rowden to add on to that.

Not a simple question. There is not a number on a wall that you go towards. You referred to the 306-ship number that is associated with our force structure assessment that was completed at the end of 2012. That number has not changed.

That force structure assessment is targeting a 2024 period of time. It is not saying that today we need 306; it is looking out ahead out at 2024 and saying we need to build a force structure of about 306 ships, a balanced force structure that has 11 aircraft carriers, 88 submarines, 88 surface combatants, 33 amphibious assault ships, 29 auxiliary ships, and 33 support ships, right on down the line. And I don't want to leave out my *Ohio*-class and *Ohio*-class replacement, a dozen *Ohio*-class replacement submarines, as well the four SSGNs [cruise missile submarines].

So the force structure assessment lays that out. Today in terms of how many ships that we require, we respond to the combatant commanders' demand as you highlighted. Today's force structure, by ship count 289, by the current number counting 283, by the previous ship counting rules that we had in place, today's force structure produces about 100 ships on deployment consistently around the world. That is true today, that is true this year. And if you go back to 2007 and you look at the number of ships that the Navy had deployed, it was true in 2007. It has been very consistent, about 100 ships deployed, responding to—

Mr. FORBES. Secretary, when your admirals come to meet with us, they tell us that when they look at this overall mix, it is not just the number of ships we have deployed, it is the number of ships we have ready in case we have a surge or we need those ships there. Is that an accurate statement or are the admirals misleading us when they tell us that?

Secretary STACKLEY. No. A hundred ships meet our presence requirements, the surge addresses major combat operations demands or events of the day where there is demand to increase the number on deployment.

Mr. FORBES. So when I look at you telling me that you need 306 ships in the Navy, is that a figure that you have established from an analysis somewhere that has been done to say that is what needed, or is that just something that we are basically pulling out of the air and saying, we think that would be a good goal to push towards?

Secretary STACKLEY. No, sir, that is a thorough analysis that went behind the force structure assessment that was conducted by the CNO [Chief of Naval Operations], completed in December 2012, and delivered to the Hill.

Mr. FORBES. So then, if we said that we needed 306 ships and that is the plan that you have at least submitted over to us—is that a fair statement in the 30-year shipbuilding plan—

Secretary STACKLEY. Yes, sir.

Mr. FORBES [continuing]. How many cruisers do we need?

Secretary STACKLEY. Okay. So in that plan we don't break out cruisers separate from large surface combatants.

Mr. FORBES. But there is a comment in here based on the 2012 assessment of the number of cruisers we need. Is that a fair statement?

Secretary STACKLEY. Let me, yes, sir.

Mr. FORBES. Please.

Secretary STACKLEY. We break out 88 large surface combatants. Today we have 22 cruisers. So in terms of how many we need, air defense commander, that role, we need an air defense commander with deploying battle groups. So if you assume 11 carriers, 11 carrier battle groups, 11 air defense commanders. Today we have two cruisers per carrier battle group, which gives us flexibility, gives us redundancy, it gives us the ability to adjust based on ship operating schedules, so we are not pegged to a one-for-one ratio.

Mr. FORBES. When I look at your 30-year shipbuilding plan, and help me if I am misreading it, there is an assessment that says that the 2012 assessment said we needed 22 cruisers. Is that incorrect?

Secretary STACKLEY. In the 30-year shipbuilding plan?

Mr. FORBES. Yes, sir.

Secretary STACKLEY. Eighty-eight large surface combatants, 22 cruisers, 66—

Mr. FORBES. But it did say 22 cruisers?

Secretary STACKLEY. Yes, sir, but they go away.

Mr. FORBES. What do you mean they go away?

Secretary STACKLEY. They retire over time.

Mr. FORBES. So when it says that we needed 22 cruisers, what time period did we need the 22 cruisers for?

Secretary STACKLEY. Twenty-two cruisers is what we have today. The force structure assessment was targeting a 2024 timeframe. Our CG-47 class starts to retire in 2019, and it is on a steady retirement path to the end of the 2020s decade. What we need to do is we need to recapitalize those ships with a future ship class, either an upgrade to a DDG-51 [USS *Arleigh Burke*], a Flight IV

type of ship, or a cruiser. We do not have the ability to do that during the period of construction of the *Ohio* replacement.

Mr. FORBES. You are talking about if you don't, if you have the dollars that you currently have. But when we look at the 22 cruisers that this assessment says that we have, why don't we just get rid of the 11 cruisers?

Secretary STACKLEY. We need that air defense commander capability, which goes beyond—

Mr. FORBES. Do we need all those 11 cruisers?

Secretary STACKLEY. We need 11 cruisers pegged to our 11 carrier battle groups.

Mr. FORBES. I understand, but we have 22 now and you say we need 11. Why don't we just get rid of those 11 cruisers?

Secretary STACKLEY. 2019 we will be down to 10, 2020 we will be down to 9, 2021, and by 2026 we will be done. We need to sustain that cruiser capability, that air defense capability.

Mr. FORBES. But why put them in the layup and hope that you are going to modernize them? Why not just get rid of these 11 cruisers?

Secretary STACKLEY. Sir, we can't afford to get rid of the cruisers.

Mr. FORBES. Well, last year you came in with a proposal to get rid of seven cruisers.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. Why were you going to say that we could get rid of seven cruisers, but this year you say we couldn't get rid of those cruisers?

Secretary STACKLEY. Two things. At no point in time has the Navy wanted to get rid of our cruisers. Last year when we had proposed to decommission early 7 of the 22 cruisers in our plan, there was a future flight destroyer that we had anticipated we would be able to recapitalize that capability. You don't see that in this year's 30-year plan, because we know we cannot afford to recapitalize those cruisers during the period of the *Ohio* replacement.

Mr. FORBES. When you look at this thing you called a phased modernization—and by the way, Congress has not prohibited you from doing modernization, what we are doing is prohibiting you from doing the layup. Because there are no funds in this 30-year plan and you don't have any projected funds to do the build-out that you need in this 30-year plan, do you?

Secretary STACKLEY. The budget requirements that go with that 30-year plan, when you look at, again, the period of the 2020s through about 2034, that exceeds any shipbuilding budget that we have seen since.

Mr. FORBES. And that would be true even if you didn't have the *Ohio*-class replacement. Isn't that correct?

Secretary STACKLEY. It exceeds what we have budgeted over the last 10 years during that period, but it does not reach the level that we reached back in the buildup of the 1980s.

Mr. FORBES. I understand that. I wish we were back in the 1980s. But I am talking about over the last 20 years when we have cut down our ships, so far in the 1980s we built them up to 600-and-some ships, we have been taking them down. And what I just want to ask you is, I am looking at a 30-year shipbuilding plan,

and I am asking you that, based on the dollars you have had over the last 20 years, can you build this 30-year shipbuilding plan?

Secretary STACKLEY. No, sir.

Mr. FORBES. Can you do the modernization of these cruisers with the dollars that you have and still meet this shipbuilding plan that you have submitted to Congress based on the dollars that you have been allocated over the last 20 years?

Secretary STACKLEY. The key to us being able to modernize those 11 cruisers, as we have laid out in our plan, which allows us to reduce the manpower, pull them out of operation and sustainment during an extended modernization period so that we can replace 1 for 1 the first 11 cruisers.

Mr. FORBES. Well, Mr. Secretary, my question is the dollars. Do you have the dollars to do that? And can you certify to this committee that you have the dollars, if you get the same dollars you have had over the last 20 years per year, can you do that modernization and do the shipbuilding plan that you have submitted to Congress?

Secretary STACKLEY. That plan, with the letter that accompanies it, certifies through the FYDP. It does not portend to certify budget levels outside of the FYDP.

Mr. FORBES. I understand, and your modernization goes outside the FYDP.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. So what my question to you is, can you tell us that based on the dollars you have had over the last 20 years, if the Navy got the same dollars, and you are suggesting they may get less, but if they got the same dollars they had, can it do that modernization and also do this 30-year shipbuilding plan?

Secretary STACKLEY. The only way we could execute that shipbuilding plan and the modernization that is in that plan that modernizes those cruisers, the only way we can do that, assuming that we have the same budget that we had in the last 20 years, is prioritizing that modernization of those ships and that construction over—over—the rest of our budget.

Mr. FORBES. So, Mr. Secretary, I don't want to argue with you, I just want to find out.

Secretary STACKLEY. Yes, sir. We are actually in very—we are in strong agreement here, sir.

Mr. FORBES. Yeah. But I just want to make sure we are clear. If you have the dollars you had over the last 20 years—and I have asked you, I have asked the Secretary, do you have any scintilla of hope of where you are going to get additional dollars—so if we assume you are going to get the same amount of dollars you have had over the last 20 years and let's say we can hold that and you don't decrease, my question is, would you have enough dollars to do the modernization that you are talking about and do this shipbuilding plan that you have submitted to this Congress?

Secretary STACKLEY. As stated right in that report, sir, as laid out clearly in that report, the funding requirements over the period of 2020 through 2034 exceed the budget that we have had for the last 30 years.

Mr. FORBES. Then why would you suggest to us that we should have a confidence level? When the Navy came in and told us last

year it wanted to get rid of seven cruisers, this year it now says it wants to have this phased modernization, which means laying them up until you can get more dollars to come back and do the modernization. If you don't have the dollars necessary to do that modernization and to do this shipbuilding plan, give me the comfort level of how you are going to build these ships and do that modernization and take those ships out of layup.

Secretary STACKLEY. Yes, sir. So it starts with the funding that we have in hand. We have approximately \$2.2 billion that has been set aside and we brought more money inside the FYDP to go towards the modernization plan, and rather than sit on the ships, our proposal is that we commence in 2015 with the execution of that modernization program and we get through the HM&E upgrades that are required to extend the service life—

Mr. FORBES. Mr. Secretary, you don't have the money to do that. You wouldn't have the money to do this plan you have submitted to us and do that modernization. Isn't that a fair statement?

Secretary STACKLEY. We have the funding in the FYDP to execute—

Mr. FORBES. I am talking about the 10-year period of time that you have talked about this phased modernization, this phraseology that you all brought in here. Really what you're talking about that you can guarantee us is you can lay them up, but you can't guarantee me today that you can do the modernization and put them back out again, can you?

Secretary STACKLEY. I can tell you what the requirement is—

Mr. FORBES. I know what the requirement is.

Secretary STACKLEY [continuing]. For the balance of the work in the next FYDP, the 2020 through 2024 FYDP. I can't certify what a future Congress or Department of Defense is going to do—

Mr. FORBES. But what you can tell me is, based on the last 20 years, if you get those same dollars you can't meet this plan, can you?

Secretary STACKLEY. There are two parts, sir.

Mr. FORBES. Okay.

Secretary STACKLEY. The shipbuilding program—that report talks to the budget requirements for the shipbuilding program as opposed to the modernization program. We don't try to look back over the past and project in the future specifically the modernization program.

As it relates to the cruisers, the funding requirement inside the FYDP for the cruiser modernization program is about \$3.5 billion and most of that funding is in hand and the balance is in our program plan.

The remainder outside of the FYDP is about \$5.5 billion, \$5.3 billion. We know that is the requirement. I cannot certify to you today that a future Department, a future Congress is going to lay that money in, but our program plan for executing it as it is laid out is only made affordable if during this period we are able to reduce the costs associated with manpower and operating the cruisers during the phased modernization period so that we can pay the balance. Otherwise, we have just doubled the reach.

Mr. FORBES. Mr. Secretary, the last thing I will just ask you before I turn it over to Mr. McIntyre is this. When you are looking

at the number of ships that the Navy requires, their requirements, we are talking about the number of ships that are capable of being deployed, isn't that correct, not the number of ships that are laid up?

Secretary STACKLEY. We are talking about the number of ships that the Navy needs in order to produce what we have historically deployed with, which is about 100 ships on deployment.

Mr. FORBES. And when we took our missile defense systems out of Europe and put them on the back of the Navy, can you tell me if the Navy even knows what the requirements are today that we need to do the missile defense capabilities that the country needs?

Secretary STACKLEY. We get our requirements from the combatant commanders.

Mr. FORBES. All I am asking is, do you know those requirements today of what we need for that BMD [ballistic missile defense] capability? Does the Navy know that?

Secretary STACKLEY. We know what the demand is today and we are meeting today's demand. But, sir, we don't look at just today's requirements, today's demand. We have got to meet an increasing demand over the next 5 to 10, 15—

Mr. FORBES. Mr. Secretary, I just don't want to take up any more time. But my point is I understand that. But you come in here when you talk about combatant commanders' requirements and on the one hand you say, we don't listen to them because they are too big. Yet, you were meeting 90 percent of them in 2007, we are meeting less than 50 percent this year, you know, and you say, well, that is because they ask for everything.

Then on BMD my question is this: Does the Navy know what our BMD requirements are today? I understand we need to look at them tomorrow, 5 years from now. Do you know what they are today?

Secretary STACKLEY. We know how many ships we need on station in the Sea of Japan, we know how many ships we need on station in the Mediterranean, and we know what we need to accompany our carrier battle group.

Mr. FORBES. Do we have a gap in our BMD requirements today?

Secretary STACKLEY. I wouldn't say we have a gap today. What I would say we have a very stressed force trying to meet the—

Mr. FORBES. Let me ask you this, and I want you to be very clear about how you answer this. Can we meet the BMD requirements we have today?

Secretary STACKLEY. Sir. We can put the ships on station where they are required with BMD capability, but you know as well as I do that the—I don't want to go classified here—

Mr. FORBES. I don't want you to.

Secretary STACKLEY [continuing]. You know as well as I do what the threat is and where we need to be heading. So it is not a simple matter of the number of ships.

Mr. FORBES. But when we pull these cruisers out, some have BMD capabilities on them.

Secretary STACKLEY. Yes, sir. Yes, sir.

Mr. FORBES. When they are laid up we will have less of those requirements met, not more. Isn't that correct?

Secretary STACKLEY. Four of the cruisers have the earliest baseline of BMD capability, that is correct, sir.

Mr. FORBES. Okay. Well, thank you, Mr. Secretary.

And Mr. McIntyre.

Mr. MCINTYRE. Thank you, Mr. Chairman.

Just a couple of brief questions. What is the—if you can, just so that we are all on the same page here—the difference between a cruiser and destroyer in the important roles they play within the carrier strike group? And after you delineate those differences and their role, what would be the impact to that carrier strike group if there were no cruisers available to fill the air defense or air warfare commander role?

Admiral ROWDEN. Yes, sir. Thank you for the question. I would be happy to address this.

Today our cruisers are commanded by a captain, with a more senior staff on the ship, and more individuals dedicated to the planning and execution of the air defense mission for the carrier strike group. In addition, the physical plant on our cruisers allows for dual transmitters, one forward and one aft, adding redundancy to those ships, and a greater number of cells available for surface-to-air missiles for the execution of the air defense mission.

In addition, they have increased command-and-control capability over the guided missile destroyers. The guided missile destroyers are commanded by a commander with a less experienced, though perfectly capable staff underneath that commanding officer to ensure that they can execute the missions that have been assigned to that ship. And, typically for carrier strike groups that we are deploying, the air defense commander role will be assigned to the cruiser commanding officer associated with the cruiser that is going to be deploying for that ship. And so that is really how we drive the requirement for the cruisers and the air defense commander on the ship.

The guided missile destroyers will typically operate in support. All of these ships are multi-mission ships—capable of executing air defense, capable of executing anti-submarine warfare, and anti-surface warfare as well. And, typically, we will deploy more destroyers, anywhere from three to five, typically, with a carrier strike at this time.

Given the threat that we have currently experiencing today and the way we are deploying our ships, typically we will keep the cruiser with the aircraft carrier, and we have the luxury of being able to send those destroyers off on other missions. But we always keep the air defense commander's ship with the aircraft carrier operating in that air defense commander role.

Mr. MCINTYRE. All right. The second part of the question was, what is the impact to the carrier strike group if there were no cruisers available to fill the air defender commander role?

Admiral ROWDEN. Yes, sir. The air defense commander, Alpha Whiskey, assigned to air defense commander, the secondary role or the secondary commander, the redundancy within the strike group, is assigned to typically the most senior commander on a guided missile destroyer.

Mr. MCINTYRE. So that is where it would go if you didn't have a cruiser? You would go to that most senior commander on a destroyer?

Admiral ROWDEN. Yes, sir.

Mr. MCINTYRE. And what is your comfort level with that? Because you mentioned a minute ago you had less experienced staff on those destroyers.

Admiral ROWDEN. Yes, sir, typically the department heads, the supporting staff on a cruiser will be second to department heads, whereas they will be first to department heads on a guided missile destroyer. And as a consequence we leverage the experience that those department heads have learned, typically in their DDG [guided missile destroyer] command, as they execute their responsibilities in the air defense commander.

Obviously, if the role falls of the air defense commander to a guided missile destroyer, we would have to increase the amount of training that we have and perhaps start to increase the level of expertise on those guided missile destroyers in order to be able to get the capability into those ships in order to be able to ensure that we are executing the air defense commander job properly.

Mr. MCINTYRE. All right. Thank you. I think that is an important distinction to keep in mind, and I am glad that you have stated that. I want to make sure we have that on the record in terms of what would need to be done.

Could the reduced modernization of the Flight I and II destroyers be a precursor to early decommissioning of some of these vessels?

Admiral ROWDEN. No, sir. I don't believe that is the case. The Flight I and II guided missile destroyers are, given the fact that they are ballistic missile defense capable ships at this time, are some of the most stressed ships that we have in the inventory. They are playing a vital role across the force in the execution of the ballistic missile defense capability. And I believe you are referring to our phased modernization—or, I am sorry, the accelerated modernization of our Flight IIA DDGs.

Mr. MCINTYRE. Yes, sir.

Admiral ROWDEN. And understanding that the plan that we are executing is designed to increase our ballistic missile defense capacity and increase our ballistic missile defense capability as we proceed through the remainder of the decade by ensuring that we maintain the relevance of the guided missile destroyers, by increasing, by upgrading their ballistic missile defense capability, commensurate with the capability that we will be installing in the Flight IIA DDGs. So I think that those ships will remain as vital as they are now, given the modified destroyer modernization plan that we have.

Mr. MCINTYRE. Would you agree with that assessment, Mr. Stackley?

Secretary STACKLEY. Absolutely, sir. We are investing on average over \$100 million per ship in the Flight I's and II's to modernize them. That is not a precursor to decommissioning them.

Chairman Forbes made reference to the number of baselines that we are managing, too many. And this reflects a 30-year build program across Aegis that that is just the evolution of the technology. But to the extent practical we need to raise the earlier baselines

for both the cruisers and destroyers to get them to a position where they are not just more capable, but we can continue to upgrade them through the balance of their service life. And that is what we were able to do with the Flight I's and Flight II's. But it comes at a price, and that price is not a precursor to decommissioning them.

Mr. MCINTYRE. Okay. Thank you. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. FORBES. Mr. Conaway is recognized for 5 minutes.

Mr. CONAWAY. Thank you, Mr. Chairman.

Mr. Stackley, in the written document, your testimony, you talk about the Phased Modernization Plan for the CGs [guided missile cruisers] precludes the Navy from having to increase overall end strength by about 3,400 people, which would otherwise be required to fill the critical shortfalls in our training pipelines and fleet manning of the cruisers.

Can you walk us through what that actually means in the real world? And what are the risks? And how long is it, if you had to actually have those 3,400 people, how long could it take you to get them into place?

Secretary STACKLEY. Yes, sir. So today a cruiser has about 330 to 340 officers and enlisted as part of the ship's complement. In this Phased Modernization Plan, recognizing that the first 11 are going to start decommissioning about 2019, the intent is that we sustain a steady state, steady flow of 11 ships worth of manpower dedicated to cruisers out to the retirement of the last cruiser.

What that means is, for the second 11 that go into phased modernization, you pull the 330, 340 per ship off and you are reducing the manpower requirement by about 3,400. Then, when CG-52 (USS *Bunker Hill*) retires and CG-63 (USS *Cowpens*) replaces it, you actually keep a steady cruiser manpower in there.

The savings per year associated with those manpower reductions, or it is a cost avoidance, is what helps to fund or fuel the cruiser modernization. I don't know, does that address—

Mr. CONAWAY. It does. But the risks associated with that though—

Secretary STACKLEY. Okay. Yes, sir.

Mr. CONAWAY [continuing]. Are assuming that if for some reason you decided you can't—

Secretary STACKLEY. Yes, sir.

Mr. CONAWAY [continuing]. You can't decommission one of those cruisers, then you actually have spare 340-man crews just handy to come into the ether and just put them in place? How much risks are we taking by reduction in manpower.

Secretary STACKLEY. Yes, sir. So if we are on the execution of the modernization program and we have reduced the manning on those ships and we determine at some point in time that we need to accelerate those ships out of modernization and get them back to the force, well, then if you are, say, halfway through and maybe we have 5 cruisers that we are going to attempt to accelerate out, then we have to produce 1,500 to 1,700 trained sailors to man those ships. Some of those will come out of shore billets from other portions of the Navy and some are going to have to be trained to take over their respective responsibilities.

Mr. CONAWAY. Assuming you don't come from a standing start with 330 to 340, what would be the normal training time to get up, from scratch kind of thing, where you start taking from other surface ship folks and put it together, how long would it take to put a crew together?

Secretary STACKLEY. We don't have an exact answer, but our estimate is about 2 years.

And, Tom, you want to go ahead?

Admiral ROWDEN. Yes, sir. One of the important parts of this plan is when we reduced the manning on the ships, we didn't take all 340 billets and eliminate them from the force. And so, in order to be able to execute a reconstitution should it be required, we actually retained the 35 most senior billets on the ship and distributed them throughout the Navy. So in the event that we have to return the ship to operational status—

Mr. CONAWAY. I got that, but those folks with those skill sets, 4 years into this deal, they are not automatically going to step back into the role they would have had on that ship the day they came off of it. How do you keep refreshing that second term or second tour guy that needs to go in there when they have moved off to other career paths?

Admiral ROWDEN. Yes, sir. The career paths are still executed for the enlisted men and the officers and they maintain their rotation from sea to shore. And so, obviously, there would be a time that we would have to re-form the crew, get the crew trained, and get the crew out to sea. However, the plan, as we have laid it out, since we have retained the billets, the men and women that man those billets are distributed to other areas, whether it is regional maintenance centers or within the Afloat Training Group or other areas on the waterfront, we would then pull those people into the ship. The remainder of the crew, we would be able to form them in a relatively short period of time through new accessions in order to be able to form the crew and then get that ship out.

Mr. CONAWAY. So if some terrible thing happened and we had to put those boats back in the water it is a 2-year window. The risks are—the lack of flexibility of whatever is a 2-year window to get that team back in place? Is that what I heard you say?

Admiral ROWDEN. Yes, I would agree with the Mr. Secretary, 18 months to 2 years.

Mr. CONAWAY. Okay. Thank you.

I yield back.

Mr. FORBES. Mr. Courtney is recognized for 5 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman.

So, Mr. Stackley, we have certainly heard a lot of the challenges that exist with implementing the plan that the administration suggested. But let's talk about for a second if we go with the House defense authorization bill, which again, your testimony—I just want to make sure I got this clear—is that the difference in terms of cost, if we don't do the phased modernization and just sort of keep the entire 22 cruisers operational, is about \$10 billion altogether. Is that sort of your analysis?

Secretary STACKLEY. No, sir. The difference in cost is about \$4.7 billion. Specifically, absent the ability to de-man the ships for this extended period and take them out of the operational cycle and use

those savings or cost avoidance to go towards funding the program, it's about a \$13.5 billion program to modernize the cruisers. Through this phased approach it is about an \$8.8 billion program, the delta being about 4.7.

Mr. COURTNEY. All right. And that \$4.7 billion, if it is an added cost that you, the Navy, has to absorb, it would seem to me put even more pressure in terms of trying to achieve the shipbuilding plan with historic levels of spending as we have been sort of using as a baseline.

Secretary STACKLEY. Yes, sir. The CNO in his testimony was very clear. The reason we are doing this is because of the budget; the reason we are doing this is because of the budget. It is a constraint. It is a constraint for us. Given that, this approach seems to be the right balance in terms of holding onto that force structure, getting those ships modernized, getting additional service life on those ships, sustaining 11 air defense commander capable ships beyond the current plan, out into the 2035 to 2041 timeframe. So this is trying to strike the best balance with what is a difficult budget environment.

Mr. COURTNEY. And when we talk about the budget, again using, as the chairman said, sort of historic levels of shipbuilding as the budget. Again, the Budget Control Act, which creates a whole separate level of pressure, I mean, the good news about that is it just expires by law in 2021. So historic levels of spending and shipbuilding over the last 20 years or 30 years, as you alluded to, I mean, the fact is, is that there are a whole range of programs that are going to be challenged throughout the whole 30-year shipbuilding plan. Isn't that correct?

Secretary STACKLEY. Absolutely. I will keep stating it, the 2020 through 2030 timeframe, when the *Ohio* replacement comes along and we are still building a carrier every 5 years, we have got to recapitalize the LSD 41 class [USS *Whidbey Island*], we are building big deck amphibious [amphibious assault ships], 4-year centers, we are trying to sustain two *Virginia* classes per year, the destroyers, that budget requirement during that period of time, and that major recapitalization, the last time we saw those types of budgets was during the 1980s. And so, to be able to say, to be able to certify that we will be going to be able to hit those numbers, no.

What that report does, that report defines the problem, makes it black and white for everybody to see. We today can't make the decisions that are going to change that, but today we have to start taking the actions, making the effort to address it so that it is not beyond everybody's reach when we get out there.

Mr. COURTNEY. Well, certainly it is an additional reason, Mr. Chairman, why our effort to have the Deterrence Fund set up in the defense authorization bill, I mean, is even more underlined, and I think highlighted by the testimony that we are hearing here today.

I guess the other question is, you talked about the fact that if this Phased Modernization Plan was adopted that the availability of these cruisers would actually get pushed out into the 2030s.

Secretary STACKLEY. Yes, sir.

Mr. COURTNEY. Is that correct?

Secretary STACKLEY. Yes, sir.

Mr. COURTNEY. As opposed to if we go with the status quo or the House bill version. Talk to me about that for a second.

Secretary STACKLEY. Yes, sir.

Mr. COURTNEY. I mean, when do we lose those cruisers if we just continue along with the House bill and figure out a way to come up with the \$5 billion.

Secretary STACKLEY. Yes, sir. So today the service life, the expected service life of the cruisers is 35 years. They start aging out in 2019, and they will age out at the same rate at which we built them. So by the late 2020s they are all retired. What this plan does is, one, through the modernization we are going to do the necessary hull, mechanical, and electrical repairs and upgrades to buy back some additional service life, buy back an extra 5 years service, and, frankly, during that period, this phased modernization, this extended period when they are out of the operational cycle, we are not burning up the service life. So what that does, that gives us the ability to extend the cruiser class out into the late, as I was saying, 2035 through 2041 timeframe during which they would then retire.

Mr. COURTNEY. Thank you, Mr. Stackley.

I yield back.

Mr. FORBES. Thank you, Mr. Courtney.

Mr. Wittman is recognized for 5 minutes.

Mr. WITTMAN. Thank you, Mr. Chairman.

Mr. Stackley, Admiral Rowden, Admiral Creevy, thank you so much for joining us today.

Secretary Stackley, I want to talk about the 11 cruisers that would be assigned minimal caretaker crews versus full crews during the reduced operating status. So now you have 11 of those ships. The question would be is, if you have a contingency and they need to be brought back up to full operational status, the question is, is how many of those 11 ships and how quickly could they be brought back up? And if the answer is less than 11 could be immediately brought back up, should all 11 be counted in the fiscal year 2015 30-year shipbuilding plan as fully capable ships available for duty?

Secretary STACKLEY. Yes, sir. So clearly the number depends on where you are in the modernization plan. First, the way we have this structured is we want to go after the HM&E package first, we want to hit it hard.

A couple of things. We have to inspect the heck out of these ships. They have been driven, they are at a stage in their life that we are going to uncover a lot of things when we do open and inspect. So step one, get in, open and inspect, assess the material condition, get material in order, get them into the depot to do the hull, mechanical, and electrical upgrades that give you the service life that you need to get it out to 40 years.

At that point in time, when those ships are in a depot, it is just like any other ship that is in a depot, it is not available for tasking. It is going to depend on how fast can you complete that work and get it going again.

So in the early phase, when they are going through depot maintenance, maybe half will be materially available to get them going again, maybe half. Now, the issue then is not their material condi-

tion or their readiness, the issue is going to be the crew, and it is what we just discussed. It is going to be pulling the senior enlisted and officers from other shore billets and then bring in the balanced crews and getting them trained and integrated onto the ship.

So I put out a 2-year estimate there and that is based on new construction experience. If you look at what we do today in terms of crew phasing and training, integrating the crew with the ship, getting them certified and ready for deployment, about 2 years.

After the HM&E upgrades, now have you ships that are in a very good material condition. They don't have the most current combat system baseline, which we want to ultimately get to, but they are in very good material condition. And then it becomes a matter of strictly the crew. And the first one will be ready for operations faster than the last one because we will be surging crews to the ships. But I think the 18-months to 2-year rule still applies, and then the next phase going into the combat systems modernization.

Well, now you are already in the active phase of bringing the crews to the ships. And so, again, depending on where you are, some of the ships are already going to be out on deployment. By 2019 the first of the cruisers are back out on deployment and we have crews that are surging and moving to the ships just like in new construction so they would be able to complete their certifications and ready for tasking faster.

Mr. WITTMAN. Well, it still appears then through phased modernization that there wouldn't be all 11 ships that would be battle force ships available at that particular time. You would be having them available in this wave status.

But let me ask you, let me go to your question concerning crews, and that is a concern. Today we are in a very, very high operational tempo. We are pushing things in significant areas, and I know the combatant commander requests have been significant. How do you expect to maintain the same forward presence with fewer assets? And would you expect to come back in future years and announce additional FDNF [Forward Deployed Naval Forces] assets as a way to achieve that?

Secretary STACKLEY. Yes, sir. I am going start this and ask Admiral Rowden to finish it. But first you hit on the forward deployed ships. That is a very important key to the Navy's ability to sustain presence without driving our ships at the same OPTEMPO [operations tempo], because we get to cut down on a lot of the transit time to theater.

So the FDNF ships are an important point to increase our operational availability of ships, and that, frankly, helps us to compensate for cruisers being pulled out. But the high OPTEMPO issue today, I am certain and I think you are, too, that 10 years from now it will be worse and it will be more demanding.

And an important part of this is, where is the risk? Is the risk higher in the 2020s or today? And when we look at not just the budgets associated with recapitalizing and modernization, but when we look at the risk associated with the threat, part of this, what this plan does is, it accepts more risk today in terms of cruisers that are operationally available today, but then it buys down

the risk in the out-years when, frankly, the threat is increasing both in terms of the fiscal threat and in terms of the adversary.

Admiral ROWDEN. Yes, sir. And to piggyback on Secretary Stackley's comments, clearly to get increased forward presence with X number of ships you either forward deploy those ships or you increase the length of deployments. And certainly the funding available to execute those would be required in order to ensure that we maintain the readiness levels on those ships. And certainly ships are built to put X amount of water underneath the keel, and the more you are operating those ships, the more you have to fund those appropriately in order to ensure that you can maintain the material condition as you bring those ships back to depot.

Mr. WITTMAN. Thank you, Mr. Chairman. I yield back.

Mr. FORBES. Than you, Mr. Wittman.

Mr. Langevin is recognized for 5 minutes.

Mr. LANGEVIN. Thank you, Mr. Chairman.

I want to thank our witnesses for your testimony today.

Secretary Stackley, if I could just start with you, going back to the shipbuilding program and our ability to meet our shipbuilding needs. With the actions that the HASC [House Armed Services Committee] has taken with respect to *Ohio* replacement and the subsequent action that the SASC [Senate Armed Services Committee] has taken, in terms of moving to take the *Ohio* replacement program out of the shipbuilding budget and treat it as more of a national platform with a separate funding mechanism, what will that do to the 30-year shipbuilding plan? And will it still leave a gap? Or to what degree does it significantly close that gap to help us meet our shipbuilding needs?

Secretary STACKLEY. Yes, sir. Let me first say that the actions taken by both the HASC and the SASC in that regard, I am calling it a great first step. By establishing the Strategic Sea-Based Deterrent Fund we are creating a vehicle to help us finance our shipbuilding program during that extremely stressing period. It does not change the picture in terms of dollars required for constructing new ships during that period.

So the fund is a great first step, one that identifies we have got a problem here. It starts to set up a framework. The dollar demand is unchanged. And that is where I think we need to work together to identify how can we in fact not just identify the fund, but fill the fund without it coming out of shipbuilding.

Mr. LANGEVIN. Okay. Thank you, Mr. Secretary.

Admiral Rowden, if I could turn to you. As you may know, I have been a very vocal proponent of ONR's [Office of Naval Research] Solid-State Laser Technical Maturity Program that plans to test a high-powered, mature integrated weapon system at sea in late 2016.

My question is, what impact will the testing of this laser weapon system on the USS *Ponce* this year and this subsequent solid-state laser test in 2016 have on surface combatant modernization? And is the integration of high-energy weapon capabilities planned already with *Ponce* and SSL-TM [Solid-State Laser Technology Maturation Program] in forming final decisions or are the *Ponce* and the SSL-TM being used as development gates?

Admiral ROWDEN. Sir, thanks for the question. I think, to answer your second question first, I think we really have to wait to see what the results of the testing that we have, that we are going to execute on *Ponce* is, in order to understand how to further integrate that into future weapon systems. But I do think—and I am not an expert by any means on this particular weapon system, but I can say in general in the development of weapon systems certainly the at-sea testing that we execute for any weapon system that we are going to field is going to be absolutely essential to understand exactly what it is we have to do.

And so I think that certainly it is a good first step to get the weapon systems out on ships like *Ponce* in order to be able to understand not only what needs to be done to marinise the equipment and to properly support it in execution of operations at sea, but then also to understand how to start to develop the tactics, techniques, and procedures, and the concept of operations in order to go employ those weapons effectively.

Mr. LANGEVIN. Thank you, Admiral, for that answer.

And I again want to applaud the Navy for the aggressive work that they are doing to try to get this directed energy weapon systems out of the lab and actually into the field.

So with that, let me just turn to Admiral Creevy. With the Destroyer Modernization Plan combining two modernization periods into one, what is the opportunity cost in terms of hull, mechanical, and electrical or system upgrades?

And other than conducting the combat system upgrades near the end of the availability, how will the Navy ensure that these destroyers are ready to rapidly integrate the latest technologies, particularly those in support of electronic warfare and high-energy weapons?

Admiral CREEVY. Thank you for the question, sir. I would like to answer the second part of your question first.

I think Admiral Rowden has got it right. We are going to learn a lot when we go do at-sea test. And that is the benefit of getting it out there to test, so we can learn about the integration challenges, the power challenges, and those kinds of things that we need to do.

In the meantime, we have put into our modernization program as much as possible in the way of upgrades to support future requirements. And combining those availabilities into one saves us a significant amount of time in modernizing those ships and keeps them from being offline for much less time.

Mr. LANGEVIN. Thank you, gentlemen. I have some other questions that I will submit for the record.

But thank you, Mr. Chairman. I yield back.

Mr. FORBES. Mr. Langevin, thank you for your work on this and on the funding source, too. You have done a great job on that. Mr. Courtney has as well.

Mr. Courtney recognized for 5 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman.

And again I want to thank the witnesses for your great testimony here today.

Secretary Stackley, I think one of the reasons why I think there was resistance to the proposal from the administration was to some

degree, given the proposal a year before, which was to just decommission seven ships, frankly, I just think a lot of people had some confidence issues about whether or not this phased modernization was just a decommissioning by another name. And, again, I think your testimony today has been very, I think, convincing in many respects.

But I guess I thought before you leave that if you could just kind us walk us through (a) what changed, and (b) what reassurances can you really state for the record that the Navy really will sort of follow through on this different type of approach?

Secretary STACKLEY. Yes, sir. A couple things have changed that are critical here.

First, the Congress established the Ships Maintenance Overhaul and Sustainment Fund, SMOSF. You all put \$2.2 billion into a fund to let us move forward past the budget hurdles that we had to modernize the cruisers. That was the first key.

Second is the manpower issue. The SMOSF fund will be consumed by manpower, operation, and support faster than we can modernize these cruisers, particularly in this budget environment.

So we coupled the two. We looked at the funding that we have in hand, and we want that money to go towards the modernization to give us the capability and extend the service life that we need on the cruiser. We didn't want to run out of gas along the way. And so we looked at the other costs, the manpower and the operation and sustainment costs, and we looked at the phasing of the decommissioning of those first 11 cruisers. And we arrived at this plan. We arrived at this plan that says we can minimize, we can almost self-finance this plan, at least on the front end, by pulling the manpower off and recognizing that we are going to bring our cruiser force structure down to 11, 1 for 1 with our carriers, but then be able to extend that longer.

So the key was getting the SMOSF funding in place and then looking at offloading the costs associated with the manpower and operating and support during the period of modernization, and then coupling the decommissioning of the first 11 with the completion of the modernization for the back 11. And it just balanced out in terms of the budget that we've got, the force structure that we've got, and then the requirement that we've got to modernize the cruisers.

Mr. FORBES. Secretary, let me take you back, because you left out one very important item when Mr. Courtney said, what changed? What changed was Congress said you couldn't do it. In other words, when you came over here, you fought us tooth and nail with that. And when we tried to put the provision in there, the Navy still came over here and fought us tooth and nail to try to decommission those seven cruisers.

And what really changed was when Congress looked at it and said, that's a crazy proposal to do. We have got useful life left on these cruisers. And then Congress said, Navy, you can't do that. And we put the fund in.

But you could have come over initially instead of saying, we are just going to cut these cruisers out, and said, hey we need the cruisers, and we just need the funds to do it.

And I am not faulting you. I am just saying we need to compare apples to apples. And when you guys come over here and you basically salute and say, this is all we need, this is good, and then on the other hand you come back over and say, this is because of the budget, we need to know which is which. Are you doing this because of the budget? Or are you doing it because of the needs? And basically the reason those cruisers are still floating today is because the United States Congress said, we are not going to let you do it.

Now, I come back and I want to ask you this question, because I had a hard time getting it, I want to make sure everybody else could get their questions in. Based on this report and what I understand you saying—and any of you guys can answer, so I am not putting one person on the spot—on this shipbuilding plan, which I am holding up here, Mr. Secretary, you tell me, this is the number of ships we need in 2024, 306 ships. Is that a fair—

Secretary STACKLEY. Yes, sir.

Mr. FORBES [continuing]. Fair assessment?

Secretary STACKLEY. Yes, sir.

Mr. FORBES. And I take it when you say we need 306 ships, you are not talking about 50 ships that are laid up in dry dock and we can't use, that you need 306 ships that could be deployed. Is that a fair statement?

Secretary STACKLEY. Sir, we need 306 ships to produce the number of ships that we have to deploy.

Mr. FORBES. I understand. I understand. But you are not talking about ships that take 2 years to get out of dry dock. Isn't that true?

Secretary STACKLEY. Well, there are exceptions. Because you know that a cruiser—

Mr. FORBES. So then what you are telling me is that in 2024 you don't need 306 ships that are operable, you just need 306 ships somewhere, even if it takes you 2 years to get them out and get them going again? Is that what the requirements are? And I am not trying to trick you.

Secretary STACKLEY. Yes, sir. No.

Mr. FORBES. I am just trying to find out what the answer is.

Secretary STACKLEY. Two parts.

Mr. FORBES. Okay.

Secretary STACKLEY. Presence and response to major combat operations.

Mr. FORBES. I understand both of those. But at some point in time there is a number. Let me just tell you why.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. Admiral Locklear comes to us, and we have a lot of respect for him, just like we do all three of you, and he says, if we keep moving the direction we are and we get down to 255 or 260 ships, we cease to be a superpower. We become a regional power. Is he correct or not correct?

Secretary STACKLEY. I agree with him.

Mr. FORBES. If he is correct, then, he is talking about at some point in time 260 ships. He is not talking about 100 ships that are capable of being forwardly present, he is talking about 260 ships in the United States Navy.

And my question to you is, when we look at this and I fast forward out to 2024, and you guys are meeting over at the Pentagon somewhere, and then you are coming over here and telling Mr. Courtney, Mr. Langevin, me, the Speaker of the House, and the other members here, we need 324 ships, are you talking about just 324 hulls somewhere or are you talking about 324 ships that are capable of being used in the United States Navy?

Secretary STACKLEY. It is 324 ships. Well, that report refers to 306 ships.

Mr. FORBES. I am sorry, 306 ships, I apologize, 306 ships.

Secretary STACKLEY. Yes, sir, 306 ships that are capable for being used in the United States Navy, some number of which are in depots, some number of which just got back from deployment and are in a surge status, some number of which are training up, getting ready to go on the next deployment. So it is an entire cycle. That is the force structure that we need to produce today about a hundred ships on deployment or a different mix in response to a major combat operation.

Mr. FORBES. If that is true and we can look at 2024 and say we need 306 ships, how many do we need today?

Secretary STACKLEY. Okay. I will reflect back on the CNO's and the Commandant's testimony at their posture hearing. We need more ships. We need more ships. It is that straightforward.

Mr. FORBES. But I can't do that, Mr. Secretary. I mean, I am fighting for you. And you come over here and you tell me, no, we can get by with this. I need to walk into the other Members of Congress and tell them. If you are telling me, we are good to go, we only need 250 ships, or we need 260 ships, they are going to go with that.

I need you to tell me, does the United States Navy know today how many ships they need today? You know what you need when you look out in the distance at 2024. Can you tell me how many you need today? This is 2014, this is 10 years earlier, where you don't have to have a crystal ball. You know. How many ships do you need today?

Secretary STACKLEY. Sir, we need to produce about a hundred ships deployed today. And what is happening today at today's current number of 289 ships is that the operational tempo of those ships is higher than where it needs to be. So, in fact, we do have ships that are on 8-month deployments. That is starting to stress the ships materially and stressing the crew.

Mr. FORBES. I understand. And, Mr. Secretary, I have enormous respect for you.

Admirals, can you all give me a number? I mean, does the United States Navy, if it walks over here and I have a checkbook that I can open up, can you guys tell me? You tell me you can predict out a decade from now how many ships we need. Can we predict out 12 hours from now and say this is how many ships I need tomorrow morning?

Admiral ROWDEN. Mr. Chairman, I think there are a significant number of variables in that equation.

Mr. FORBES. But there can be variables in 2024. At some point in time I have got to be able to get my hands around some number somewhere. I can't just be saying, oh, it depends. I mean, how do

you come up with a definite number a decade from now and you can't tell me a number today? That is what I am just scratching my head and trying to figure out.

Admiral ROWDEN. Sir, I think what it comes down to is it comes down to understanding in determining what the number of ships that we have to have is, the ability to assume away or assume specific variables on this particular date is a very difficult thing to do. I think Mr. Secretary is exactly right in saying it is about a hundred ships deployed.

Mr. FORBES. But, Admiral, do you understand my frustration? When you guys can come over here and give me a shipbuilding plan that the Secretary of Defense is certifying, saying this is how many ships I need a decade from now. And I am just asking you a simple question. I am not asking you to predict where China is going to be or Russia is going to be or any of those things a decade from now. I am just saying, today, when I walk over to the appropriators or anybody else and I say, this is how many ships we need, how many ships do we need?

And I am really frightened if the United States Navy can't tell me a number. I mean, be one or two off, but just give me a number somewhere.

Secretary STACKLEY. Sir, we don't have the luxury of telling you how many we need absent of the budget that we are dealing with and absent of the number that we have got today. So what we can describe is what the OPTEMPO is of the force that we have got today, we can talk about the combatant commanders' demands and what it has taken to meet those when there are shortfalls.

Mr. FORBES. Mr. Stackley, when the testimony we have from admirals that we respect enormously says, if we meet the combatant commanders' requirements we would need 400 to 500 ships in our Navy. So we take that off the table. And what we are getting at, we are not appropriators, we are authorizers. I need you to tell me how many we need so I can go fight and say this is how many ships we need.

If the United States Navy doesn't even know how many ships you need today, how in the world can we fight for you to get those numbers? And how can I with a straight face go to the American people and say, wait a minute, we know a decade from now how many we are going to need, we just don't know how many we need today? I mean, I just don't understand that. You all have got to help me with that.

Secretary STACKLEY. I will give you an example.

Mr. FORBES. Okay.

Secretary STACKLEY. I am going to go back to the posture hearing because I think both the CNO and the Commandant were very clear. We would like to have 50 amphibious ships today to answer all the demands. Those are workhorse ships. We don't have 50, we have 29. And our plan is to build up to 33 because that is what we can afford.

I don't know if that is a requirement, what we need today. But when we look at all the tasking that we would choose to fill if we did not have a constraint in terms of what the force structure is today, what our budgets are today, we would be a much larger Navy.

Mr. FORBES. I understand that, Mr. Secretary. But can you just appreciate a little bit of my frustration when I am just looking at you guys, who I trust, who I respect, I am saying you guys think, you plan, you do strategies over there. At some point in time do you not ever say, this is how many ships we need in the United States Navy, and we are short? Or we have more than we need?

Secretary STACKLEY. I would tell you that we need about 300 ships.

Mr. FORBES. Okay. Now, if we need 300 ships, what I want to—and I will take that. Okay.

Secretary STACKLEY. That is the best number that we have got.

Mr. FORBES. That is okay. Be off some.

But then when I look at this shipbuilding plan, this shipbuilding plan says today's battle force count is 289. Fair?

Secretary STACKLEY. Yes, sir.

Mr. FORBES. And it says that. But then on the back it has that based on the accounting rules we have used for a decade or more—

Secretary STACKLEY. 283.

Mr. FORBES. All right. What is this 274 figure in here? Look at the back. I don't know if you have the 30-year shipbuilding plan. If not, I will have it brought to you.

Secretary STACKLEY. Today we have six ships in the ship count that a year ago were not in the ship count.

Mr. FORBES. Okay. Six ships more.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. And if you take the cruisers out—I am looking, it says fiscal year 2015, it says total naval force inventory, and there is a figure of 274. Where does that come from? I am just trying to understand.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. You see where I am at least referencing?

Secretary STACKLEY. Yes, sir.

Mr. FORBES. And explain that. This is your plan. I am just reading it.

Secretary STACKLEY. Okay. The numbers I am quoting you are 2014, today's numbers.

Mr. FORBES. Okay.

Secretary STACKLEY. What happens over the next year is we decommission a large number of frigates, which is identified earlier on in the report.

Mr. FORBES. Okay. So it gets worse then. So next year, instead of 289 or something, based on the previous count, I would be at 274 ships. Fair?

Secretary STACKLEY. Yes, sir. Yes, sir.

Mr. FORBES. Okay. So I am going down. And you say, I need 300 ships. Admiral Locklear is warning us that if we get to 260 we become a regional power, and you agreed with that. And you say, next year we will be down to 274.

I am getting scared that I am heading in the wrong direction. I am heading closer to 260 than I am to 300.

And then here is my question. Our plan for modernization of these cruisers would require that two of them actually be fully

modernized next year, in fiscal year 2015. That is our plan. That is the House plan.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. So we know we would have two more cruisers at the end of next year. Your plan would not require any be modernized, fully modernized next year.

So my question to you is, do we have any contingency plan—Admirals, maybe you can address this—anywhere on the globe where we say that when we count the number of ships we need that we have 2 years to get those ships out and get them over for that operational plan that we would have?

Secretary STACKLEY. The answer is no for major combat operations. But when you look at the requirement for our force, the numbers driver is presence.

Mr. FORBES. Got you. But here is my worry, and I am just going to end it on this.

Secretary STACKLEY. Yes, sir.

Mr. FORBES. I worry because of today—first of all, let me compliment you on at least heeding what Congress has said about our aircraft carrier and putting the money to do that. And thank you guys for doing that. I think that is important for us to do.

Secondly, though, what I walk away with today, enormous respect for you guys, you know that, I am not arguing with you, I am just trying to get my hands around the fight. Because I believe that over the next decade or two, so goes the United States Navy, so goes the national defense of this country.

And when I am looking at you, who I respect enormously, all three of you, and you say we need 300 ships, and then I wave this plan around that says, look, this is what we are going to have, we are going to have 306 ships in 2024, but all of us, everyone in this room knows there is no money to build all these ships over that time period, that we will have about a \$4 billion shortfall each year, then I put that aside. And then I ask you this. I said, we need 300 ships, based on what you said, and I do not doubt your word, but I am heading next year down to 274, based on the way we have always counted them. And Admiral Locklear is warning me, if I get to 260, I become a regional power.

Do you see why that makes me nervous? And I am not interested in coming out and settling and telling the American people what our budget says we have to get to. I am more interested in knowing what we have to have so I can go fight for that on the House floor.

And then the last thing I will just tell you is, every one of these operational plans we have, when we look at the ships we need and what we have, none of them give us 2 years to go pull these ships out of dry dock and get them manned up to do it. And so that is the frustration we have.

And I come back to what Mr. Courtney said. When you all came in here last year and said you just wanted to dismantle these seven ships, if we had not stepped up and done what we did, those ships would be gone.

And I fear the same thing is going to happen with these cruisers. If we don't step up to the plate, at least I know with our plan we will have two of them next year that will be modernized. And then

I hope Congress will step up to the plate and get the money to do them because we need those ships in the United States Navy.

And I have said this before, and I will end on this. I don't think this is a Phased Modernization Plan. I think it is a phased euthanasia plan. Because I think when those ships go into dry dock, we have no guarantee that they are ever going to be coming back.

But with that, I am going to let each of the three of you have the final word on whatever you want to say. And thank you guys for your service to the country. And thanks for being over here.

And, Mr. Secretary, we will start with you.

Secretary STACKLEY. Yes, sir. Let me start by simply stating that neither the Phased Modernization Plan nor the prior 2 years when the Navy walked over proposals to decommission the cruisers are done as a preference. Those are done facing the realities of where we are with the budget. And it is not something that we can overlook as we put together our program. And so we have to take the resources that we have got and strike the right balances between our requirements, the funding that we have, and then lay it before Congress.

Now, in every scenario we have described that we need more ships. So there is no debate here on that. And the report that we deliver to Congress that lays out not just the force structure that we need and the plan to build it, but lays out the budget requirements for that, that is sending a very clear signal to Congress and to the public that in order to meet our 306-ship requirements the funding that is needed greatly exceeds what we have had for the past 20 years. And we can't march up to it slowly and wait until the FYDP arrives, when the *Ohio* replacement program is ongoing at the same time the carrier recapitalization, right on down the line, and then deal with the problem. We are identifying this problem years in advance so that we collectively have the opportunity to work on it.

The 306-ship plan is under great budget stress. One of your concerns and one of your comments, and we take it on board, is that don't allow the budget to dictate what your requirements are. Well, in fact, the budget that we have submitted to the Hill, the 2015 through 2019 budget, goes right by the Budget Control Act [BCA]. It doesn't disregard it entirely, but it doesn't allow ourselves to be constrained.

So what we have tried to do is put Budget Control Act aside, but then responsibly try to arrive at what is the minimum funding requirement beyond the BCA that meets a measure of capability that we have got to have to support the defense strategy.

So we are trying to again strike that right balance without being constrained just by the BCA, but then not just submitting a budget that is beyond all reach. Maybe we don't have it exactly right, but we are trying to hit that balance.

Our concern is not just the challenge associated in those out-years, our concern is sequestration, because the plan that we have just laid out that we are critiquing here and the concerns that are being raised, those are only exacerbated if in 2016 we show up with the same budget that we told you we were going to come forward with this past year and it gets sequestered. It just compounds the problem.

So we are trying to articulate what our requirements are. It is about 306 ships. We have been consistent for the last several years in terms of the mix of ships and what the budget requirement is in terms of new construction and, in this case, in terms of modernization. And we are trying to do the best government that we can in terms of responsibly managing the resources that we have got to produce that amount of warfighting capability.

We might not have it exactly right, but what I am confident of and I am sure of is if in the end we do keep those cruisers, those 11 cruisers in an operation and sustainment fashion and continue to deploy them to meet the demands of today, and we have to live inside of a sequestered budget or otherwise, we are going to have less resources available to recapitalize our fleet, because it will become a zero-sum game.

So I entirely agree with you in terms of identify the requirement, identify the budget needed to requirement, give Congress the ability to go in and fight for it. And we are there with you in that fight. But we also have to be prepared to address the impacts of living under a BCA. And we can't wait until we are in the middle of that scenario to then start to address it.

We have done the best we can to lay out a balance—it is above BCA—a balance in terms of requirements and resources to get us to that 306-ship Navy. It is not perfect; it is not where we want to be. But we are trying to strike that right balance, not just for the taxpayer, but for the warfighter.

Mr. FORBES. Mr. Secretary, you are a good man. You have got a tough job, a hard job. We want to work with you, and we want to help you on that. End of the day, we want to get you where you need to be, even if it is not where you want to be. So thanks for all do you.

And, Admiral.

Admiral ROWDEN. Yes, Mr. Chairman. Again, I appreciate the opportunity to appear before you today.

In the execution of my responsibilities as the Director of Surface Warfare Division, one of the things that is front and center in my brain is that carrier strike group commander that is going to be deploying in the late 2020s and into the 2030s timeframe.

I had the honor and the privilege back in the 2009 to 2011 timeframe to command two carrier strike groups out of San Diego, California. I came to rely heavily on all of my warfare area commanders and especially on my air defense commander that was assigned on the USS *Chancellorsville* and was assigned on the USS *Mobile Bay*.

I think about the men and women that we are going to be deploying at that timeframe, and I think about the capabilities that we must deliver. As I sat down with the team in N96 [Surface Warfare] to look at what had changed, as Secretary Stackley talked about, in generating savings and the cost to own and utilizing the money that was put into the SMOSF fund, I wanted to figure out how we could best get through the 2020s and into the 2030s and take care of those strike group commanders that are going to be deploying at that period of time.

The purpose-built air defense commander ships that we have today, upgraded and modernized, will deliver the capability that

those individuals need in order to be able to do the Nation's bidding at that time.

This is not a perfect plan, as Secretary Stackley said, but it is a plan that I think we can live with, I think we can stick to it, and I think we can execute it. These are superb ships today, and they will be superb ships in the future. And I look forward to working the plan and to ensuring that we have the funds and the fortitude in order to continue to press forward with that.

Mr. FORBES. Admiral, thanks for being there. We appreciate all that you do and the men and women that serve under you.

Admiral.

Admiral CREEVY. Chairman Forbes, distinguished members of the subcommittee, thank you again for allowing me to appear today before you regarding our Navy surface ship program. SEA 21 [Naval Sea Systems Command] is committed to the efficient planning and successful execution of our critical modernization programs. This will help ensure, as Admiral Rowden says, that our sailors have the required capabilities to meet the operational commitments.

Force structure, ship count, and budget discussions aside, what I hope in the plan that we have presented in the PB [President's Budget] 2015 budget demonstrates our commitment to the CG Mod [Cruiser and Destroyer Modernization] program and communicates some level of comfort that we are committed to executing.

I think what is important to note there is that our current plan brings all these ships into the HM&E avail in the first 3 years of the program, demonstrating commitment, buying the service life of those ships up front so that we know they can go the distance and makes us able to pull them back into service more quickly and again demonstrates our commitment.

My biggest challenge, as the guy who has to execute whatever program is eventually approved, is the uncertainty in the churn. And that is definitely my most difficult challenge. If I can lock down a plan in advance, I know I have the team, I have the processes, I have the discipline. I think the Navy has proven through the Aegis programs, cruisers and destroyers, and our associated modernization programs that they are very strong programs, very successful. And I know if I can lock down a plan, I can execute it.

That is all I have, sir. Thank you very much.

Mr. FORBES. Admiral, thank you.

And, gentlemen, thank you so much for all that you do for our country. Thanks for your patience and being here with us.

And Joe, Jim.

With that, we are adjourned.

[Whereupon, at 5:28 p.m., the subcommittee was adjourned.]

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# **A P P E N D I X**

JULY 10, 2014

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

JULY 10, 2014

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**Opening Remarks of the Honorable J. Randy Forbes**  
**for the**  
**Seapower and Projection Forces Hearing on**  
**Cruiser and Destroyer Modernization and Large Surface Combatant Force**  
**Structure Assessment**  
**July 10, 2014**

I want to welcome our members and our distinguished panel of experts for today's hearing focused on our large surface combatants and particularly our cruisers and destroyers.

We have testifying before us:

The Honorable Sean J. Stackley, Assistant Secretary of the Navy (Research, Development and Acquisition);

Rear Admiral Thomas Rowden,  
Director, Surface Warfare Division  
Office of the Chief of Naval Operations; and

Rear Admiral Lawrence Creevy  
Deputy Commander for Surface Warfare  
Naval Sea Systems Command

Thank you for appearing today to share your thoughts and insight on these important issues.

Before we begin, I wanted to congratulate Rear Admiral Rowden on his selection as the next Commander, Navy Surface Forces and his assumption of command later this month. I have always appreciated your advice and counsel and am confident the Navy will be in good hands when you assume command.

As to this hearing, I appreciate having finally received a copy of the 30-year shipbuilding plan. I continue to have reservations about the optimism that is built into this shipbuilding plan and believe that the administration is disingenuous in their sincerity to apply resources toward our nation's shipbuilding efforts. This year, I believe that our committee was able to provide additional resources to the

shipbuilding account and start to change the negative shipbuilding trend lines, but revitalizing American seapower cannot be done in just one or two fiscal years, it will take a generational commitment from those sitting in this room today and others to follow.

As to the administration's proposal to place 11 cruisers and 3 amphibious ships into a layup status, I continue to question how putting these ships into a long term layup status improves our national defense. And let me be clear, the term "phased modernization" that has been used by the Navy to describe its 10-year plan is a misleading one that asks Congress to agree to take half of our Cruiser fleet out of service with the hope that one day in the 2020s these ships will all be returned to our fleet. The Navy has indicated that a 306-ship Navy is required to meet combatant commander requirements. The last independent QDR indicated a force structure of 346 ships was required. Despite what number you choose, we are still significantly less than the force structure, both in terms of capacity and lethality that we need to meet even the minimum requirements. That is why it is perplexing to me that this administration—one that has now produced a Defense Strategic Guidance and QDR in the last two years that prioritizes seapower as a central enabler of our defense strategy—has proposed to layup some of our most valuable and lethal surface combatants. With the decrease in available assets, we will undoubtedly increase our deployment times of our ships, burning out the sailors and ships that support our national security. I reject any notion that we should lock into place the negative consequences of sequestration and vigorously oppose any reduction of some of our most capable surface combatants to the altar of fiscal frugality. If the U.S. Navy needs more resources to meet its baseline requirements, then this Congress and Department of Defense should begin a serious discussion about how to rebalance the budget resources available to fully-fund our national seapower priorities.

I am also concerned that the administration may already be placing some of these cruisers and amphibious ships into a layup status, in contravention to congressional direction. I would note that the National Defense Authorization Act of Fiscal Year 2014 prohibited the retirement or layup of certain cruisers and amphibious ships. I would encourage our witnesses to carefully review the readiness ratings and deployment schedules of these ships to ensure that they continue to serve our nation. Taking action that impacts the fleet prior to final congressional direction should be rigorously avoided.

With regards to the overall force structure of the Navy, I understand that the Navy has decided to continue and count ships that Navy has proposed to layup for some cruisers that would not be readily available to deploy. I also understand that the Navy counts hospital ships and patrol craft as ships to meet our force structure. I consider these approaches as a mask to the true plight of our Navy and believe these efforts only serve to cover the true extent of the reductions in our Navy. Let's be honest today, according to the historical counting rules in Fiscal Year 2015 the Navy will have just 274 ships in its fleet. That is an unacceptable figure that is the result of two decades of neglect. I am fully-committed to reversing this trend.

As to our destroyer fleet, I believe that the Navy is on the right track with introducing an advanced radar on the next series of destroyers, also known as DDG Flight III. I still have concerns with regards to the multiplicity of combat system suites on our destroyers. These varying capabilities have significant problems on the fleet's ability to properly train and support our sailors and I hope that we will be able to receive additional information on this important issue.

With that, I turn to my good friend and colleague, the ranking member of the subcommittee, Mike McIntyre.

NOT FOR PUBLICATION UNTIL RELEASED  
BY THE HOUSE ARMED SERVICES  
COMMITTEE SUBCOMMITTEE ON  
SEAPOWER AND PROJECTION FORCES

STATEMENT

OF

THE HONORABLE SEAN J. STACKLEY  
ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)

AND

RADM THOMAS ROWDEN  
DIRECTOR SURFACE WARFARE  
OFFICE OF CHIEF OF NAVAL OPERATIONS

AND

RDML LAWRENCE E. CREEVY  
DEPUTY COMMANDER SURFACE WARFARE  
NAVAL SEA SYSTEMS COMMAND

BEFORE THE

SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

DEPARTMENT OF THE NAVY CRUISER AND DESTROYER MODERNIZATION  
PROGRAMS

JULY 10, 2014

NOT FOR PUBLICATION UNTIL RELEASED BY THE  
HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. Chairman, Representative McIntyre, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today to address the Department of the Navy Cruiser and Destroyer Modernization Programs. These ships are the workhorses of the United States Navy and more importantly, epitomize the missions of the U.S. Navy by projecting power, controlling the seas, deterring would-be adversaries and maintaining maritime security. The TICONDEROGA-class cruisers and ARLEIGH BURKE-class destroyers, of which the first in class are already twenty-eight and twenty-three years old (respectively), are the same ships that will form the majority of our surface combatant fleet twenty years from now. In the context of current and projected fiscal constraints and the need to balance capability, capacity, and readiness across the Joint Force, we do not expect to be able to produce new ships in greater numbers. Therefore, to keep the fleet in fighting shape, ready to deploy and sail into harm's way to face robust and intense anti-access area denial environments today and in the future, the Navy must continue to modernize these large surface combatants.

The President's Budget request for FY 2015 proposes a Phased Modernization Plan for cruisers (CG) and Dock Landing Ships (LSD) that will provide the means to retain the cruiser's Air Defense Commander capabilities until the 2040's and the Dock Landing Ships' Marine expeditionary lift capabilities through the 2030's. This plan paces the threat by installing the latest technological advances in combat systems and engineering in CGs 63-73 and LSDs 41, 42, and 46.

Modernization is the key to readiness and relevant combat capability in the current and future fleet. It is how the Navy is able to maintain these assets for their full service life. The Navy has designed and is executing successful Cruiser and Destroyer modernization programs, but current fiscal constraints, shipyard capacity, and operational schedules have impacted these programs, driving the Navy to re-tool its modernization plan as laid out in the President's Budget

request for FY 2015. A significant portion of the re-tooled plan is the phased modernization of 11 TICONDEROGA-class cruisers. These cruisers are the Navy's most capable ships for the planning and execution of air defense of a carrier strike group and for integrating into the Joint Integrated Air and Missile Defense (IAMD) architecture. The Cruiser Modernization Plan enables the Navy to keep the cruisers in service until the 2040's and increase their lethality while mitigating budgetary pressures.

#### **Surface Ship Modernization**

##### **Cruiser Modernization:**

As a successful and ongoing program, the Navy has already modernized seven cruisers (CGs 52-58), completely replacing their combat systems. These modernizations included the Advanced Capability Build (ACB) 08 Aegis Combat System which installed Aegis Baseline 8.0, 5 inch gun replacements, a major upgrade to the Under Sea Warfare suite known as SQQ-89 A(V)15, as well as substantial Hull, Mechanical and Electrical (HM&E) upgrades. The Navy is in the process of completing modernization on four more cruisers (CGs 59-62) with the improved ACB 12 (Aegis Baseline 9.0) Combat System. These investments have equipped 11 TICONDEROGA-class cruisers, CGs 52 through 62, to remain the world's premier Air Defense Commander ships, fully capable of coordinating the Carrier Strike Group IAMD construct, integrating into a broad Joint IAMD architecture, or operating independently in support of Combatant Commander mission assignments.

The FY 2015 President's Budget request takes into account the budget reduction levels instituted by the Bipartisan Budget Act (BBA) of 2013. The Navy has developed an affordable framework under the BBA funding levels to retain the newest, and as yet unmodernized, eleven cruisers (CG 63-73) in the active fleet, through induction into a phased modernization period starting in FY 2015. The phased modernization involves modernizing the ships over an extended

period of time, serving to most effectively integrate the shipyards' workload, and allow the Navy to save money by rotating the ships out of the deployment pool during the phased modernization period. To further mitigate budgetary pressures, most of the ship's crew will be assigned to other critical fleet manning needs and the ship will not get underway. To be clear, the Navy does not intend to decommission or retire these ships. This plan is to retain these ships even longer than originally anticipated. Moreover, while relying on the FY 2015 budget request for some funding, through the Future Years Defense Plan (FYDP) the majority of funds for phased modernization will be provided by prior year appropriations in the Ship Modernization, Operation, and Sustainment Fund (SMOSF). We request that Congress support this phased modernization plan.

The Navy intends to begin the phased modernization of these ships with material assessments, detailed availability planning, and material procurements. Subsequently, the Navy will perform hull, mechanical and electrical systems (HM&E) upgrades, critical structural repairs, and extensive corrective and conditioned based maintenance. The final step of this phased modernization period will include a new combat system installation, integration, and testing. These alterations will ensure these ships will have the latest combat systems available when returning to operational service, mitigating the risk and cost of technical obsolescence. Completion of modernization will occur concurrently with re-manning the ship. This plan completes modernization of each cruiser on a schedule that sustains 11 deployable Air Defense Commander CG's (one per Carrier Strike Group) until 2035. Under the original modernization plan, the last TICONDEROGA-class cruiser was scheduled for retirement in 2029. As a result of the modernization investment described, the Navy will extend the service life of these ships, during which time they will remain relevant and reliable until they retire 44-51 years after commissioning. Extending the time these ships are available also reduces the pressure on the

shipbuilding procurement account during the period of OHIO-class submarine replacement procurement.

The Phased Modernization plan for CGs precludes the Navy from having to increase overall end strength by about 3,400 people, which would otherwise be required to fill critical shortfalls in our training pipelines and fleet manning of the CGs. Phased Modernization will provide industrial base stability and lower overall costs for this program to the Navy. These maintenance and modernization availabilities will add work when there is a projected shortage of work in the various homeports. An additional advantage of the phased modernization approach is that it provides an option to restore the ships to service in the event of a shift in the strategic environment in much less time than would be required to construct new ships.

Further, phased modernization greatly benefits the industrial base by providing a steady, predictable work flow, increasing production efficiency and lowering cost to the Navy. Without the pressure of meeting fleet deployment schedules, work can be planned in the most economical and efficient manner, reducing the need for costly overtime rates and hiring subcontractors to supplement the shipyard workforce. As these ships approach the time when they will reenter the operational battle force, the execution of the combat systems modifications can be planned in a manner that will support both the ship repair and new construction industrial bases by looking at workloads across industrial facilities.

Section 1026 of the National Defense Authorization Act for Fiscal Year 2015 as passed by the House (H.R. 4435) would not permit this plan to be accomplished, as it prevents the obligation or expenditure of any appropriated funds towards ship retirement, inactivation, or placement in storage (cruisers or dock landing ships). Implementation of this language will require a budget of \$6.8B across the FYDP and result in a total cost of \$13.5B across the cruiser extended life cycle. In comparison, the Navy's proposed phased modernization plan for CG's in

the FY 2015 President's Budget request will require \$3.3B across the FYDP, and a total cost of \$8.8B across the cruiser extended life cycle. This plan provides a cost savings/avoidance of \$3.5B across the FYDP and \$4.7B across the life cycle. With the current language, the Navy will be required to cover this investment by reducing procurement activity or significantly impacting fleet readiness.

**Destroyer Modernization:**

The FY 2015 President's Budget request also includes funding for the modernization of three ARLEIGH BURKE-class guided missile destroyers. As with the cruisers, this investment is critical in delivering combat effectiveness, pacing the threat, and achieving the full expected service lives of the destroyer fleet. The Navy is proposing a shift to a two-pronged destroyer modernization approach; which maintains the relevance of all the Navy's ARLEIGH BURKE-class destroyers. It increases the rate of modernization to better align with original rate of delivery, while continuing to modernize the Flight I and II destroyers (hulls 51-78) and commencing the modernization of the Flight IIA destroyers (hulls 79 and beyond) in FY 2017. This approach maximizes return on investment by modernizing the ships at their midlife; it increases operational availability by combining two modernization periods into one, and increases high-demand Ballistic Missile Defense (BMD) capacity by installing the latest BMD capability on all destroyers. It will further increase combat system capability by installing upgraded anti-submarine warfare systems on all destroyers. Further, the Navy will continue to include HM&E upgrades on all ships of the class; this will reduce total ownership costs and expand mission capabilities.

One of the most important results of our destroyer modernization program is its ability to quickly increase our combat capacity and capability. The Navy's goal is to make every ARLEIGH BURKE-class destroyer BMD capable, maintain a stable and relevant Aegis combat

system with a limited number of variants in equipment and software, and provide each ship the latest, most technologically advanced anti-submarine warfare systems. This modernization plan retains the entire DDG 51 class until end of their service lives.

The combined cruiser and destroyer modernization plans demonstrate the Navy's commitment to both classes of ships. The Navy's modernization plans recognize the need for combat capacity and capability for the future and balance that against the fiscal realities of today.

#### **Cruisers/Destroyers and Capacity**

Both cruisers and destroyers fulfill broad mission requirements, both independently and in conjunction with a Carrier Strike Group. They perform a role throughout the continuum of operations, from engagement and cooperation with our allies, to crisis response, to fighting in major operations and campaigns. The primary focus of our Navy is forward presence—always being there and ready to go. The Navy achieves presence through forward deploying ships in allied countries such as Japan and Spain as well as rotationally deploying ships around the world from our bases in the United States.

The number of ships required to be on station around the world at any given time is a result of the Global Force Management Allocation Plan (GFMAP) process. This process provides a framework for the services, and the Navy in particular, to use DOD's Operational Plans plus any additional requests for forces from the Combatant Commanders to decide how many strike groups, ships, or submarines are needed in any given theater at one time. The GFMAP demand for any given theater is balanced against the need for forces in other theaters as well as the total number of forces available to deploy.

The current Combatant Commander demand for naval surface combatants is greater than the Navy's supply. This is especially true for high-demand capabilities like BMD, resulting in extended deployments for BMD capable ships with little time for maintenance or training. In

order to maximize the number of ships available for the BMD mission in particular, the Navy is forward deploying four BMD capable DDGs to Rota, Spain. The USS DONALD COOK (DDG 75) arrived in Rota in February 2014. One additional ship will arrive later this fiscal year, and the remaining two will arrive in FY 2015. The Navy is also increasing the supply of BMD-capable ships through the two-pronged DDG modernization program described above.

**Summary**

The current fiscal environment, as well as future pressures on the ship construction budgets, has forced the Navy to make difficult tradeoffs between current and future readiness. The CG Phased Modernization plan will allow the Navy to affordably modernize these vital assets extending their lifetime until the 2040's. The cruiser and destroyer modernization programs enable the Navy to enhance capability and capacity into the future. These programs are laying the foundation for future large surface combatant acquisition programs. We ask that the Cruiser Modernization approach set forth in the President's FY 2015 budget be approved.

## Assistant Secretary of the Navy (Research, Development and Acquisition)

7/28/2008 - Present

### The Honorable Sean J. Stackley

Sean J. Stackley assumed the duties of assistant secretary of the Navy (ASN) (Research, Development & Acquisition (RDA)) following his confirmation by the Senate in July 2008. As the Navy's acquisition executive, Mr. Stackley is responsible for the research, development and acquisition of Navy and Marine Corps platforms and warfare systems which includes oversight of more than 100,000 people and an annual budget in excess of \$50 billion.

Prior to his appointment to ASN (RDA), Mr. Stackley served as a professional staff member of the Senate Armed Services Committee. During his tenure with the Committee, he was responsible for overseeing Navy and Marine Corps programs, U.S. Transportation Command matters and related policy for the Seapower Subcommittee. He also advised on Navy and Marine Corps operations & maintenance, science & technology and acquisition policy.

Mr. Stackley began his career as a Navy surface warfare officer, serving in engineering and combat systems assignments aboard USS *John Young* (DD 973). Upon completing his warfare qualifications, he was designated as an engineering duty officer and served in a series of industrial, fleet, program office and headquarters assignments in ship design and construction, maintenance, logistics and acquisition policy.

From 2001 to 2005, Mr. Stackley served as the Navy's LPD 17 program manager, with responsibility for all aspects of procurement for this major ship program. Having served earlier in his career as production officer for the USS *Arleigh Burke* (DDG 51) and project Naval architect overseeing structural design for the Canadian Patrol Frigate, HMCS *Halifax* (FFH 330), he had the unique experience of having performed a principal role in the design, construction, test and delivery of three first-of-class warships.

Mr. Stackley was commissioned and graduated with distinction from the United States Naval Academy in 1979, with a Bachelor of Science in Mechanical Engineering. He holds the degrees of Ocean Engineer and Master of Science, Mechanical Engineering from the Massachusetts Institute of Technology. Mr. Stackley earned certification as professional engineer, Commonwealth of Virginia, in 1994.





## United States Navy Biography

### Rear Admiral Thomas S. Rowden Director, Surface Warfare (N96) Chief of Naval Operations

A native of Washington, D.C., and a 1982 graduate of the United States Naval Academy, Rear Adm. Rowden has served in a diverse range of sea and shore assignments.

Rowden's sea duty assignments include duty in cruisers, destroyers, and aircraft carriers in both the Atlantic and Pacific Fleets. During these tours, he deployed to the Arabian Gulf, Western Pacific, Sea of Japan, South China Sea, East China Sea, Philippine Sea, Mediterranean Sea, Indian Ocean, Black Sea, and Gulf of Guinea/West Africa areas of operation. He commanded USS *Milius* (DDG 69), served as reactor officer in USS *George Washington* (CVN 73); commander, Destroyer Squadron 60; commander, Carrier Strike Group Seven; and commander, USS *Ronald Reagan* (CVN 76) Strike Group. His most recent assignment was commander, Carrier Strike Group 11, and commander, USS *Nimitz* (CVN 68) Strike Group.



Ashore, he has served on the Joint Staff as an action officer in the Defense and Space Operations Division (J38); on the chief of naval operations staff as the theater missile and air defense branch head for the Director, Navy Missile Defense (N71), and as the executive assistant to the Director of Surface Warfare (N76). He completed a tour as Surface Warfare Officer (nuclear) assignment officer at the Bureau of Naval Personnel Command, and served as commanding officer of Surface Warfare Officers School Command, Newport, R.I., where he oversaw the training of every officer en route to duty on ships at sea. His first flag assignment was commander, U.S. Naval Forces Korea.

Rowden earned his Master of Arts in National Security and Strategic Studies from the U.S. Naval War College. His current assignment is on the Chief of Naval Operations Staff as director, Surface Warfare Division.

Rowden's decorations include the Legion of Merit, the Meritorious Service Medal, the Navy and Marine Corps Commendation Medal, Navy and Marine Corps Achievement Medal and other personal, unit, and campaign awards.



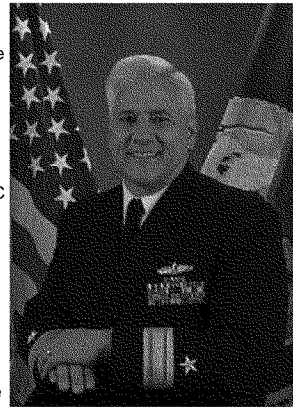
## United States Navy Biography

### **Rear Admiral Lawrence E. Creevy** **DEPUTY COMMANDER FOR SURFACE WARFARE, NAVAL SEA** **SYSTEMS COMMAND (NAVSEA 21)** **COMMANDER, NAVAL SURFACE WARFARE CENTER (NSWC)**

Rear Adm. Creevy is a native of Bridgeport, Connecticut. After graduating from Loomis Chaffee Prep School in 1980, he attended the U.S. Naval Academy, earning a bachelor's degree in Political Science and was commissioned in 1984. In 1991, he completed his master's degree in Information Systems Management at George Washington University.

Creevy assumed command of the Naval Surface Warfare Center (NSWC) in November 2012. The NSWC command includes 10 NSWC division commands manned with active duty personnel and civilian scientists, engineers and support personnel across the United States. NSWC provides research, development, test and evaluation, and engineering support for ship systems; hull, mechanical and electrical systems; and, surface ship combat and weapons systems.

He assumed additional duties as the Deputy Commander for Surface Warfare, Naval Sea Systems Command (NAVSEA 21) in June 2014. NAVSEA 21 is the dedicated life cycle management organization for the Navy's in-service surface ships and is responsible for managing critical modernization, maintenance, training and inactivation programs.



His career as a surface warfare officer includes assignments as both commanding officer and executive officer of USS *Portland* (LSD 37); chief engineer aboard USS *Anchorage* (LSD 36) and damage control assistant aboard USS *Kiska* (AE 35).

Creevy's major command and staff assignments include: U.S. Fleet Forces Command Fleet maintenance officer (most recently); executive assistant to Commander, Naval Sea Systems Command; and, a major acquisition command tour as Major program manager for the Above Water Sensors Directorate (PEO IWS 2.0).

He has served ashore in a variety of acquisition program management positions including: deputy program manager for the Integrated Combat Systems Directorate (PEO Integrated Warfare Systems (IWS) 1.0); Amphibious Ship Integration program manager (PEO IWS 1.0); In-Service Radar chief engineer for the Above Water Sensors Directorate (PEO IWS 2.0), Platform Integration manager for the Performance Monitoring, Training and Assessment Program Office (PEO Expeditionary Warfare), and Tomahawk Weapon Control System Advanced Systems engineer (PEO Cruise Missiles and Unmanned Aerial Vehicles).

Creevy is a recipient of various awards including the Legion of Merit, Meritorious Service Medal, Navy and Marine Corps Commendation Medal, Army Commendation Medal, Navy and Marine Corps Achievement Medal, as well as the Battle "E" and other campaign and sea service awards.

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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

JULY 10, 2014

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#### QUESTIONS SUBMITTED BY MR. LANGEVIN

Mr. LANGEVIN. I appreciate your statement regarding the benefits of the phased modernization plan. As we modernize the capacity and capability of these cruisers, could you comment on their post-modernization ability to field high-energy systems?

Secretary STACKLEY. There is currently no plan to field high-energy systems on the CG 47 Class ships. However, as research and development efforts continue in the field of high-energy systems the CG 47 Class ships, post modernization, could receive consideration for the fielding of high-energy systems.

Mr. LANGEVIN. With the destroyer modernization plan combining two modernization periods into one, what is the opportunity cost in terms of HM&E (Hull, Mechanical, and Electrical) or system upgrades? Other than conducting the combat system upgrades near the end of the availability, how will the Navy ensure that these destroyers are ready to rapidly integrate the latest technologies, particularly those in support of electronic warfare and high-energy weapons?

Admiral ROWDEN. The combined HM&E and Combat Systems (CS) availabilities provide a fully modernized DDG in 64 weeks vice 171 weeks with split availabilities. The ships will continue to receive the full HM&E and CS modernization upgrades in an integrated work package enabling fully modernized DDGs to be available to the Fleet sooner, including the combat systems testing completing at the end of the availability. There are multiple efforts in progress to develop more energy efficient systems and to accommodate the integration of future electronic warfare and high-energy weapons. The integration of these technologies would be supported within the plan to conduct combined destroyer modernization availabilities.

Mr. LANGEVIN. What effect will the decision to descope the Flight I/II *Arleigh Burke* destroyer upgrades have on maintenance and training, given that there will be a permanent diversity of software and hardware capabilities across the destroyer fleet? What sorts of additional costs will be incurred by the decision to support these multiple lines of software and hardware throughout the life of the ships?

Admiral CREEVY. The descoping of the Flight I/II *Arleigh Burke* destroyers modernization package will have a minimal impact on training costs due to student throughput and instructor requirements remaining virtually the same for all baselines and the costs to maintain current Flight I/II training equipment being less than the cost to procure new training equipment for new baselines. The one exception to this is the Navy/Missile Defense Agency (MDA) PB15 plan to install Ballistic Missile Defense (BMD) 4.X on additional Flight I/II DDG's which increases annual training costs by approximately \$800K per year, \$4.0M over the Future Years Defense Plan (FYDP).

Aegis Baseline 5.3.9 remains the most stable and best supported Aegis baseline from both the standpoint of parts support and training. The training infrastructure is in place and fully supported and funded. While this may be viewed as a "permanent diversity of software and hardware capabilities across the destroyer fleet," the end result will be a more rapid reduction of the several baselines found in the Flt IIA ships, as they are replaced with Advanced Capability Build (ACB) 12/BMD 5.0 at near their midlife thus reducing overall lifecycle costs.

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